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SUBJECT Spies

ROGER MUDD: When we come to look back at 1985, it may very well be that we will remember it as the Year of the Spy. Spies have always been among us. They are fascinating and repellent figures: heroes when they're ours, villains when they're not. We have the CIA, the Soviets have the KGB.

But the spies have been more than just among us lately. We've heard too many revelations in the last few months of Americans doing the KGB's bidding not to realize that some sort of war is going on. Secrets are being bought and sold; and so, it seems, are Americans.

The latest is 33-year-old Edward Lee Howard, a former CIA agent who had been in training for a Moscow assignment. In 1983, however, he reportedly failed a lie-detector test on the use of drugs, and the CIA fired him.

Sometime last summer, the FBI put Howard under surveillance. A month ago, Edward Lee Howard vanished from his home outside Santa Fe, New Mexico, much to the embarrassment of the CIA, the FBI, and its Director, Judge William Webster.

Where is Edward Howard, Judge?

WILLIAM WEBSTER: I can't answer that question. And if I could, I don't think I'd be in position to tell you right now. He is a fugitive. We have substantial information about where he's gone. But I think that's all I can tell to you.

MUDD: How did he get away?

WEBSTER: Well, he got away because his departure was

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not observed. And I can't really say much beyond that.

MUDD: There are now strong indications, however, that Howard escaped the FBI surveillance in a car with the help of his wife and that old trick, the inflatable dummy.

Howard was reported seen last week in Helsinki. And Washington's espionage experts now assume he is in Moscow.

After the escape, an arrest warrant was issued for Howard charging him with conspiracy to deliver national defense information to a foreign government. The FBI believes Howard sold the information for cash to the KGB.

The world uses the initials KGB because the full name is nearly impossible to pronounce, unless you're a Russian.

MAN: Comitet Gosudarstvenoy Besopastnosty.

MUDD: KGB, the Soviet Committee for State Security, is headquartered in downtown Moscow in this rarely photographed building.

KGB chief Viktor Chebrikov controls several hundred thousand agents who are the FBI, the CIA, the Secret Service, and the national police all rolled into one. Their control at home is total.

MAN: Don't push me.

MUDD: The KGB is trying to extend its reach, particularly in the United States, with a sophisticated, lavishly financed campaign of espionage aimed mainly at America's high technology.

In Washington there are just under 400 Soviets. The KGB's chief operatives work at the Russian Embassy on 16th Street, just three blocks north of the White House.

STANISLAV LEVCHENKO: The best way to calculate those numbers is just to have in mind that from 35 to 40 percent of every Soviet citizen stationed in the United States are professional intelligence officers.

MUDD: Stanislav Levchenko was a KGB major before he defected six years ago. He says he's still apprehensive about being seen on television.

If Levchenko's formula is correct, then about 425 of the 1135 Soviets in the United States are full-time spies, 425. It's the FBI's job to track them.

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WEBSTER: We're outmanned in that respect.

MUDD: Yeah, that was my question. It's just not possible, is it, sir, for the FBI to watch all those guys?

WEBSTER: That's true. That's true. We've increased our capability about 25 percent in the last four years. Now, this isn't something you can do overnight. You can't just go out on the street and hire counterintelligence officers. But I think it's been done gradually, it's been done effectively, and we're seeing the results of it today.

MUDD: Not only does the FBI have to keep track of the Soviet diplomats, but also hundreds of other Soviets in America: journalists, travel agents, businessmen, or people pretending to be.

Retired Admiral Bobby Inman, who once helped run the CIA, says the detente of the '70s increased Soviet traffic to the U.S., and that stretched the FBI.

ADMIRAL BOBBY INMAN: We were trying to use trade as a means to bring the Soviets into the behavior that better met our standards in international relations. The end result is that the number of potential case officers in this country running agents has gone up very largely, while the number of people to watch them has gone down. So there are just too many potential operators of agents out there roaming around for the numbers of people who are keeping a watch on them.

MUDD: The Freedom of Information Act helped us track the roamings of KGB agent Dimitri Yanov, ostensibly the deputy chief of a Soviet trading company in New York. During one stretch, Yanov made seven day ski trips to New Jersey, seven trips to Washington D.C., and overnight trips to eight different cities, visiting, inspecting, and negotiating at everything from an offshore drilling conference in Houston to an aluminum shredding plant in Cedar Rapids, to a digital manufacturing plant in Anaheim.

What would Dimitri Yanov been looking for? Stanislaw Levchenko says the KGB is looking for any technology even remotely related to the military.

LEVCHENKO: Without that espionage and without stealth of certain items of high technology, Soviets' military machine would be at least 15 years behind the technological level of United States, Great Britain, Japan, and so forth.

MUDD: Admiral Inman says 15 years ago what the KGB wanted was government secrets, codes, classified manuals.

ADMIRAL INMAN: In the early 1970s, a whole new additional requirement was given. As the Soviets saw the opening opportunities to acquire technology in the West to try to use to improve their military forces, they organized for it more efficiently, more effectively than they usually do.

MUDD: You talking about computers, basically?

ADMIRAL INMAN: Designs for radars, for fire-control systems. The case related to the look-down, shoot-down radar for the F-14 aircraft, where they got all the designs for it through one of these contacts.

MUDD: That was William Holden Bell, wasn't it?

ADMIRAL INMAN: Exactly.

MUDD: How much money did you receive?

WILLIAM HOLDEN BELL: I believe it was something less than 100,000; 85,000, I believe.

MUDD: Seven years ago William Holden Bell's personal life was in turmoil. He was ripe for recruitment by the KGB.

BELL: The divorce was like any California divorce, very messy, costly. And the loss of my job was -- I was still working for the Hughes Aircraft Company, with a considerably reduced salary. And I also had expenses due to the death of my son, which had occurred just a few months earlier. And it just all stacked up on me.

MUDD: Bell needed money. And his new friend at the apartment complex, Polish businessman Marian Zakarski, seemed to have an unlimited supply.

BELL: And we became friends, socialized a lot, just through the facilities there at Cross Creek Village, barbecues around the pool and such things.

MUDD: Marian Zakarski was a Polish secret agent. At first, all he wanted were some unclassified Hughes Company papers. Then he wanted secrets. And before it was over, Bell had sold him radar secrets for the B-1 and the Stealth bombers.

Looking back at what happened, Zakarski was working for his government and he got life in prison. You were working against yours, and you got eight years. Shouldn't it have been the other way around?

BELL: I think there were mitigating circumstances. I

certainly am not dissatisfied with the sentence I got. It was certainly fair, as far as I'm concerned.

MUDD: You mean that if you were engaged in espionage for greed, the sentence ought to be lighter than if you were engaged in it for ideological commitment?

BELL: How could you consider like \$85,000 greed over a period of a year and a half that it went on? I did not take the initiative. The initiative was taken by Mr. Zakarski. And over a period of time, I did something stupid. And I'm paying for it.

MUDD: Most of what the KGB finds valuable in the United States is free. In fact, close to 90 percent of the intelligence it gathers comes from libraries, magazines, and from the Federal Government itself.

The Government Printing Office is a treasure trove for any intelligence officer. It seels books on MX missile basing and on anti-satellite weapons. It publishes diretories that enable the KGB to match names and jobs, critical jobs. And for \$9 it sells the Pentagon phone book.

At its suburban Maryland plant, the printing office mails out stacks of government magazines and journals to the foreign governments. The Soviets subscribe to The Engineer, Naval Aviation, Airman, Air Reservist, and the Congressional Record.

MAN: To deploy a thousand Peacekeeper-type-quality warheads...

MUDD: On Capitol Hill, most congressional hearings are wide open, not only to the press and to the public, but also, of course, to the Soviets. It is all part of America's open society.

But Democrat Patrick Leahy of Vermont, who is Vice Chairman of the Senate Intelligence Committee, says we almost shoot ourselves in the foot.

SENATOR PATRICK LEAHY: They build a new embassy in Washington on the Mount Alto site. If we asked them to send the KGB over, pick the best spot that they possibly could, they couldn't have picked a better spot. It sits up there with all their antennas, where they can listen in to the White House, the Treasury Department, the CIA, the Department of Defense, Capitol Hill, and everywhere else.

[Clip of communications sounds]

SENATOR LEAHY: They have this very active, ongoing

espionage activity in the United States. We're able to identify who most of those KGB officers are. But there are just so many of them under diplomatic cover that there's no way we can even keep track of them.

And what I have suggested is that we at least limit their number of diplomats in the United States to the same number that we have in the Soviet Union.

MUDD: America's intelligence experts acknowledge that we will never be able to compete against Soviet espionage on even terms, that the mismatch is one of the prices we pay for our democracy.

They also agree that today's KGB agent is no longer the accented, lumpy, baggy-suited heavy. William Holden Bell found that out.

BELL: Spies don't wear trench coats and carry magnifying glasses. They wear cutoff jeans. That is, they don't have "secret" or "spy" stamped on their forehead, is what I'm really saying.

MUDD: In June of this year, Bell's old benefactor, Marian Zakarski, was released from U.S. prison, taken to the Glinika Bridge in Berlin and freed in a spy exchange. He is now a hero in Poland.

BELL: His pay was continued. His wife was given a nice apartment and a car, which normally you wait five years for.

MUDD: So, while he's free and his wife has a nice apartment, you're here on Terminal Island holding the bag.

BELL: Well, I spied against my country. I'm paying the price.

MUDD: In Geneva in a month's time, Ronald Reagan of the United States will sit down across the table from Mikhail Gorbachev of the Soviet Union to talk about Star Wars technology and missiles and radar and first strikes. And Mr. Reagan will look at Mr. Gorbachev, and Mr. Gorbachev will look at Mr. Reagan, and each will wonder what the other knows and how he came to know it.